

SENATE BILL 1859
By Henry

AN ACT to amend Tennessee Code Annotated, Title
67 relative to the taxation of leased personal
property.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-5-502(c), is amended by deleting the subsection in its entirety and by substituting instead the following:

Leased personal property used by a public utility company shall be assessed to the public utility company.

SECTION 2. Tennessee Code Annotated, Section 67-5-903 is amended by adding the following new subsection after subsection (a) and redesignating existing subsections accordingly:

() Tangible personal property leased to and in the possession of a lessee shall be assessed for ad valorem taxes to the owner of the property if such property is used by the lessee as commercial or industrial property. The owner shall report the property to the assessor of property in the county where the property is located on a form approved by the division of property assessments. Property which is leased to and used by a religious, charitable, scientific or nonprofit educational institution purely and exclusively

for one (1) or more purposes for which the institution was previously determined to be exempt under § 67-5-212 shall not be considered industrial or commercial property as defined by § 67-5-501. Property leased to and used by a lessee as farm property as defined by § 67-5-501 shall not be considered being used for an industrial or commercial purpose for property tax purposes.

SECTION 3. Tennessee Code Annotated, Section 67-5-904 is amended by deleting the section in its entirety and by substituting instead the following:

For the purpose of locating leased tangible personal property, it shall further be the duty of the taxpayer to list fully on a schedule provided by the assessor and approved by the state division of property assessments, all tangible personal property which is leased by the taxpayer and used as commercial and industrial property. Any tangible personal property which is not reported as provided herein, and which is discovered on the premises of any taxpayer, shall be prima facie deemed the property of the taxpayer, and shall be so regarded and assessed by the assessor. However, the presumption may be overcome by the taxpayer filing the schedule required herein, and supplying to the assessor or to the board of equalization the name and address of the true owner thereof.

SECTION 4. Tennessee Code Annotated, Section 67-5-2003(a) is amended by deleting the language "However, leased personal property assessed to a lessee shall not be distrained and sold pursuant to this section."

SECTION 5. Tennessee Code Annotated, Section 67-5-2102(a), is amended by deleting the language "However, there shall be no lien against leased personal property assessed to a lessee."

SECTION 6. This act shall take effect January 1, 2004, the public welfare requiring it.